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REVIEW OF FOREIGN FARM POLICY, PRODUCTION, AND TRADE

IN THIS ISSUE

FOOD IN CONTINENTAL EUROPE AND THE SOVIET UNION

AGRICULTURAL COOPERATION IN THE MIDDLE EAST

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FOOD IN CONTINENTAL EUROPE AND THE SOVIET UNION* . . .

In this, the fifth year of the war, and as the struggle approaches its climax, the time seems appropriate for taking stock of the food situation in continental Europe and the Soviet Union. This review relates chiefly to the current season, 1943-44. Estimates of supplies are based largely on normal production expectancy modified by available information on wartime conditions within each country. These conditions include weather, fertilizer supply, labor, draft power, and other factors that naturally vary widely among the several countries and from district to district. Production potentialities for 1944 and the general outlook for food supply and requirements are indicated wherever possible .

FOOD SUPPLIES

Food supplies in continental Europe thus far during the war period have held up fairly well, on the whole, despite grave shortages in many quarters. A relatively favorable crop of bread grains in 1943, though still below the pre-war average, has even made possible an increase in bread rations in a number of countries. Feed grains, however, were less plentiful than in 1942 so that the total grain supply for 1943-44 is little different from that for 1942-43. The current season's supply of grain for the Continent as a whole is perhaps 8 percent below an average (1933-37) harvest.

Throughout Central Europe, including Poland, Czechoslovakia, Austria, and Germany proper; in the Low Countries; and in France the 1943 potato crop, because of prolonged periods of drought, was disappointing. Potato rations had to be reduced considerably, and this reduction has more than offset the gain in breadstuffs. The 1943 production of potatoes on the whole was about 20 percent below the pre-war average. Production of sugar beets and fodder beets also was reduced by lack of moisture during the growing season, and in Central Europe sugar beets during 1943-44 are being diverted increasingly into feed channels to make up for the considerable deficit in potatoes for feed and the shortage of feed grains. The quantity of beets processed for sugar production is smaller than in the past year, and previously accumulated major stocks of sugar are probably being drawn upon this season.

In much of the Central European area the local supply of vegetables was affected unfavorably by the drought. Production in the Netherlands, Belgium, and the Balkans, however, was larger than that of the preceding year and continued on an export basis.

The supply of fresh fruit in continental Europe during 1943-44, though inadequate, has been somewhat larger than the unusually small total for 1942-43. Generally throughout continental Europe fruit supplies are far below those produced locally before the war as a result of the great losses of fruit trees during the severe winters of 1939-40 and 1941-42.

There appears to be little change in the 1943-44 fat situation as compared with that of 1942-43. The supply of animal fats is probably down slightly, despite a small increase in milk production early in the summer of 1943. Vegetable fat is up because of the larger production of rapeseed in Central and Western Europe. Production of olive oil in the Mediterranean areas is also reported higher than that of 1942-43. This increase, however, will not be of material benefit to Germany and German-controlled countries, since the Italian crop is produced in southern Italy, and safeguards

*Prepared by staff members of the Office of Foreign Agricultural Relations.

appear to have been established against a diversion to Germany of significant quantities from Spain. In only a few places in enemy-held Europe have fat rations been increased during the current season. In France, on the other hand, rations have been brought down to dangerously low levels.

Meat supplies in enemy-occupied Europe remain low. In order to maintain meat rations in Germany during 1943-44, for the first time since the outbreak of the war some inroads had to be made upon cattle reserves that would otherwise have been carried over for maintaining herd numbers. Similarly, for the first time, Germany has fixed delivery contingents for hogs and cattle, which farmers must fulfill. Hog numbers have turned upward in Denmark, Sweden, and the Netherlands, following excessive reduction during 2 years of abnormally small domestic production of feed.

For the Continent as a whole, however, there has been little change in the food situation during 1943-44 as compared with 1942-43. A net gain seems discernible in the southeast, which about offsets some deterioration in other parts of the Continent.

FOOD CONSUMPTION

The Continent's food consumption may be estimated at between 85 and 90 percent of its normal pre-war per capita intake of energy. In Germany proper, total food allowances per capita of the civilian population this season may run at least 2 or 3 percent below those of 1942-43, or a little less than 90 percent of pre-war consumption.

Most of the farm population of continental Europe continue to live near pre-war levels of consumption as do preferred worker groups in industry. Moreover, in some countries a considerable number of the urban population are able to maintain a relatively high level of consumption through "black markets" or through family ties with rural producers. If the 1943-44 over-all consumption averages from 85 to 90 percent of the pre-war intake of energy, there are millions of city dwellers in the low-income groups who subsist on an energy intake greatly reduced below that level. There are probably 60 million people in Greece, Poland, Belgium, Norway, France, Italy, Spain, and Yugoslavia whose average of energy foods is less than 75 percent of the normal pre-war quantity consumed, and perhaps 40 million of these subsist on 60 percent or less.

These are conclusions arrived at by careful analysis, country by country, which leaves only a small margin of over-all error. Many millions of people in occupied Europe must in the main subsist on the legal rations for "normal consumers." Even if a liberal allowance is made for the consumption of unrationed foodstuffs, this diet does not provide more than 1,800 calories per adult in the Netherlands, 1,600 in Norway, 1,500 in Belgium and France, and even less in some other countries. This is from 50 to 70 percent of the pre-war energy consumption by this "normal consumer" category, which comprises not only old people and white-collar workers but also some manual laborers. In some instances, not even the legal rations are fully available.

This substantial evidence of extremely low levels of consumption over large population groups, which appears to be supported by analyses of production and total supplies, is by no means invalidated by the absence of reports of large-scale starvation or of tremendous increases in national mortality rates. Nutritional science has never maintained that people cannot subsist for extended periods of time on three-fourths or even two-thirds of their normal energy consumption. Moreover, if in a given country the death rate of one-fifth of the population - the group assumed to be reduced to 60 percent or less of its normal energy intake - were to increase by as much as 50 percent, that would not affect the mortality rate for the country as a whole by more than 10 percent. The over-all increase may even be less if, as it conceivably may, the rate for the rest of the population were to decline.

This comparison indeed seems to be in keeping with official vital statistics that have come out of occupied Europe. In 1942 the general death rate in Belgium and France was at least 12 percent above that of 1938. In the Netherlands the general death rate, as compared with that of 1938, was 17 percent higher in 1941 and 12 percent higher in 1942. Similarly, in most occupied countries the incidence of diseases, notably that of tuberculosis, has risen greatly. Vital statistics and state-of-health reports published in occupied countries do not therefore contradict the direct evidence available to the effect that large population groups in occupied Europe have had their consumption of food drastically reduced.

OUTLOOK FOR 1944-45

More than on any previous occasion is it necessary at this stage of the war to draw a balance sheet of the outlook for food supplies in the coming crop season. Just as there was danger in the early years of the European conflict of overestimating the food difficulties in the enemy-controlled territories, so there is danger now that the size of the burden which will fall upon the supply areas of the free world, once the war ends, may be underrated.

The outlook for domestically produced food supplies in continental Europe during 1944-45 is by no means favorable. The cumulative effect over the war years of the shortages in agricultural manpower, in fertilizers and manure, and in draft power and machinery does not augur well for crop production in 1944. In a number of countries the supply of nitrogenous commercial fertilizers allocated for the current fertilizer year has been more drastically restricted than previously, and the shortage of phosphate fertilizer goes into its fifth crop year.

For the first time since the outbreak of the war, there is also an imminent prospect that the impact of military operations upon general production and transportation may have significant repercussions upon the output, distribution, and utilization of food supplies during 1944-45. Unless weather conditions are unusually favorable, these factors may well operate to reduce agricultural production and the subsequent supply of food in continental Europe to a level below that of any preceding war year.

THE SITUATION BY COUNTRIES

Central Europe.¹ Despite a number of severe wartime handicaps, agricultural production in Germany thus far has been maintained at a relatively high level. In terms of ultimate food energy, Germany's production was even above the pre-war level because of a substantial diversion of production, as well as utilization of crops, from feed for livestock to food for human consumption. Such a gain was attained at the expense of the qualitative composition of the nation's diet. Before the war, foodstuffs of animal origin supplied one-third of the total calories, whereas by 1942-43 this share had fallen to barely one-fourth.

The average calorie intake of the civilian population in the winter of 1943-44 still stood from 2 to 3 percent lower than in the previous year, or at between 85 and 90 percent of the pre-war level. Within this total, however, consumption of animal protein and of fat is sharply reduced. The nonpreferred adult consumers' intake, even of energy, is substantially below that of pre-war years - perhaps from 20 to 25 percent. Developments in 1943 crop production and the outlook for some loss in supplies from eastern, and possibly southeastern, Europe have somewhat curtailed the total food allowances that are being made available to the German people in the current season, 1943-44. This decline may be estimated at from 2 to 3 percent in terms of calories.

¹ Germany, Austria, Czechoslovakia, and Poland.

Considerable as are the restrictions of food consumption in large groups of the German population as compared with the pre-war consumption, the German people thus far have continued to fare much better than in World War I. Normal-consumer allowances at the present time are still around 2,000 calories, whereas toward the end of the first World War they were little more than 1,600. The supplementary rations for heavy workers were less in the last war, and there was no extra allowance for long hours and night work. Fat rations are still from 2 to 3 times those of 1916-18. The consumption of bread, fresh vegetables, sugar, and even potatoes continues much higher, whereas there is little difference with regard to meat.

Better-than-normal sowing and growing conditions for the 1943 harvest of a number of important crops partly offset the adverse influence of the basic shortages of means of production. This situation will not necessarily repeat itself. Unless weather conditions are unusually favorable, the inexorable operation of the wartime shortages, especially further and more drastic restriction in nitrogen allowances, and the impact of military operations upon production and transport may reduce agricultural output in 1944 to a level below that of any of the preceding war years.

The reduction in the allowance of nitrogen for the 1944 crop; the cumulative effect over several years of the considerable shortage of phosphate fertilizer; and a reduction in the supply of manure, owing to decreased livestock numbers, including cattle, must adversely affect yields of the growing crops. A conservative evaluation of the effect of these factors in terms of yields, distributed over all food and feed crops, appears to indicate a reduction in gross production by around 5 percent compared with that for 1943. The effect of such reductions upon the German food supply in 1944-45, if coupled with a severe curtailment or elimination of takings from other countries, would be quite marked.

Much the same conditions as in Germany have thus far obtained in the area of former Austria and Czechoslovakia. The food situation in these territories has remained tolerable, although at somewhat lower levels than in the Reich proper. Western Poland in 1943 was also affected by the drought that reduced the potato crop in eastern Germany. Food conditions in what is now called the "Government General of Poland" are much worse than in any other area directly under Germany's control. In this region, food consumption by the non-German population, other than farmers, is at extremely low levels. For the normal consumer, the total intake is probably not more than 1,100 calories per day; that of the Jewish population is even less.

Italy. The liberated areas of Italy were, on balance, surplus producers of citrus fruit, tomatoes and other fresh vegetables, potatoes, oats, olive oil, and nuts but were deficit as regards wheat and rice, importing about 20 and 80 percent, respectively, of the consumption requirements of these commodities. Production in 1943 was adversely affected by an unusually severe spring drought and shortage of fertilizers. Dislocations attended military operations, particularly disruptions of the irrigating systems and destruction of processing plants. Output of rain-grown crops ranged from 35 percent in the case of wheat to 16 percent in the case of barley below the levels of 1940. Corn, normally grown under irrigation, dropped as low as 62 percent below 1940; potatoes, 28 percent below; whereas no sugar beets were processed because of the destruction of factories. The olive-oil production was relatively good. Although the feed situation was better than before the war, supplies of meat during 1943-44 have been low, owing to the reduction in numbers of livestock resulting from various causes. Difficulties have been experienced in systematically collecting farm products from the growers and in transferring these products to consumption centers, and black-market operations have been extensive. Until the 1944 crops are harvested, the urban

population of liberated Italy will have to depend largely upon imported bread grains, sugar, and dairy products, since only small quantities of domestically produced food-stuffs can be made available through regular channels.

The German-occupied areas of Italy normally produced surpluses of rice and sugar but were deficit areas with regard to corn, olive oil, potatoes, and citrus fruit. Weather conditions favored bread grain in 1943, and production is said to have been "satisfactory"; whereas the corn crop was "unfavorable" and the potato crop "poor." Shortage of labor, fertilizer, insecticides, and farm power adversely affected production. The fall-harvested and processed crops (rice and sugar beets) were affected unfavorably by generally disrupted conditions. Nevertheless, rice production was greater than during pre-war years, admitting some export to Germany. Sugar production was about normal. The fats and oils situation is unfavorable, because the southern source of supply is shut off. Although an increase in hog numbers is reported, meat deliveries are not sufficient to fill rationed requirements. Distribution has been less affected by military operations than in southern Italy, but, with regard to the main staples, provincial cities can obtain only such food as is produced upon nearby farms in their own Provinces or from German stock piles.

France. The 1943-44 food situation in France has been about the same as that of 1942-43. Domestic food production in 1943 showed an increase over 1942, chiefly as a result of a better wheat harvest. On the other hand, imports from Africa have been cut off, and supplies from this source no longer help to offset forced deliveries to Germany. Assuming that Germany succeeds in obtaining the total quantity of food demanded from France, the supply of food, reduced to a calorie basis, available to the total population during 1943-44 will be somewhat less than three-fourths of the pre-war level. Since farm consumption is more nearly at the pre-war level, the supply of food available to the nonfarm population is considerably below 75 percent of the caloric intake before the war and for many people insufficient to relieve acute distress.

A small increase was made in the bread ration following the good 1943 wheat harvest, but the scanty fat rations were cut in half, and even nominal attempts to maintain the nation-wide meat ration were abandoned. Since the former meat and fat rations had not been fully available in many places for some time, the new rations do not necessarily indicate a decrease in actual allotments to consumers.

Belgium. For the remainder of the 1943-44 season the level of food consumption in Belgium will remain low and one of the most deficient in Europe. Efforts made during the war period to expand domestic production have met with a measure of success, and larger quantities of bread grain, oilseeds, fruits, and vegetables are produced domestically than was the case before the war. But before the war Belgium produced only about half its food requirements, on a calorie basis. The 1943 bread-grain production was about 12 percent higher than in 1942. If Germany allows a continuance of imports from other occupied countries, it may be possible to maintain the present bread ration of nonfarmers at about 9 ounces per day. With some help in the way of imports of seed potatoes from the Netherlands and Germany, domestic production of potatoes has enabled a daily ration of about 1.5 pounds per day. Sugar production was somewhat better than that of the preceding year, and the ration of about 8 ounces per week can be maintained. Vegetable oils and animal fats are in somewhat better supply than in 1942-43, and the fat ration for normal consumers has been increased to 4 ounces per week. Meat is scarce and supplies less than 40 percent of the peacetime requirement.

Netherlands. Before the war, Netherlands was, on balance, a food-importing country. By plowing up pastures in order to extend acreages of potatoes, grain, and

oilseeds, a relatively satisfactory diet has been maintained. Per capita bread consumption in 1943-44 has been about the same as during 1942-43, or 15 percent below the pre-war average. Potatoes have been cut to 25 percent below the 1942 ration but still provide a per capita consumption more than 40 percent higher than the national pre-war average. Following a reduction of cattle and hog numbers on account of shortage of feed, the normal meat ration has been cut nearly 60 percent below the pre-war average. The production of fats and oils is higher than that of 1942-43 as is that of sugar, but no change has occurred in the rations of either. The reduction in the potato, meat, and cheese allowances has decreased the total food rations of the non-farm population, on a calorie basis, by 5 or 10 percent from the 1942-43 level.

Denmark. During 1943-44, per capita consumption in Denmark has been the highest in German-occupied Europe - perhaps only about 11 percent below the high pre-war level. Field-crop production during both 1942 and 1943 was higher than before the war, and good crops of grain and potatoes made greatly increased hog breeding possible during the latter half of 1942 and throughout 1943. Cattle numbers have also been recovering from the drastic reduction at the outbreak of the war and in January 1944 were about 7 percent higher than a year earlier. Milk production in January was 18 percent higher. Both butter and cheese are being exported to Germany and other countries. Substantial deliveries of beef, veal, pork and a small quantity of eggs went to Germany during 1943. The production of sugar has been somewhat lower in 1943-44 than in 1942-43, but the sugar ration is being maintained at the same level.

Norway. The 1943-44 food situation in Norway has continued unfavorable. Present average consumption may be between two-thirds and three-fourths of the pre-war level. Although consumption by the farm population has been reduced, it is perhaps not seriously inadequate. Among that part of the nonfarm population which has no access to food supplies outside those officially available, undernourishment is the rule, and considerable malnutrition is indicated. The only food crop of which the supply is definitely above the pre-war level is that of potatoes. While the 1943 grain crop exceeded that of 1942, it was far from adequate. The low bread rations have been maintained with slight increases for certain categories of consumers, but more than a third of the bread-grain requirement must be imported. While vegetables were, perhaps, grown in larger quantities during 1943 than before the war, requisitions by the Germans have been heavy, and allocations to those who do not produce their own vegetables are made at long intervals only. The total sugar requirement has to be imported.

The livestock-slaughtering program for the 1943-44 season calls for deliveries by farmers of only 25,000 short tons of beef, veal, and pork. Supplies of meats and fats are scarce. Fresh fish, which is heavily requisitioned by the Germans, is often unobtainable except in fishing communities, whereas dried and salted fish constitutes one of the mainstays of the inadequate diet of the masses of the population.

Sweden. The 1943-44 Swedish food situation appears better than that of a year ago. Curtailment of food and feed imports and the poor crops of 1940 and 1941 necessitated a reduction in the food supply that nevertheless permitted an adequate diet for the population. Livestock numbers were reduced. Better crops in 1942 and 1943 and the resumption of a limited overseas trade through safe-conduct shipping have permitted more liberal food allocations this season and some increase in livestock numbers.

While the 1943 bread-grain crop was fully as large as that of 1942, feed-grain production was about 6 percent lower. Feed reserves from the 1942 crop are, however, believed to be sufficient to maintain the output of livestock products during 1943-44 considerably above that of the previous year. Most livestock products, farinaceous


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foods, legumes, sugar, dried fruits, coffee, tea, cocoa, and tobacco are rationed, but such important foods as milk, potatoes, fresh fruit, and vegetables remain unrationed.

**Finland.** The 1943-44 food situation in Finland has shown some improvement over the tight situation of the previous year. The 1943 production of grain, potatoes, meat, and butter was larger than in 1942. As compared with 1942-43 the current year's rations of meat and milk have been increased, those of bread and fats remain the same, and the sugar allowance has been reduced. Potatoes are unrationed.

**The Danube Basin.** The Danube Basin is one of the few areas of the Continent where 1943 food production was definitely larger than that of 1942, and the food situation in Bulgaria, Hungary, Rumania, and Yugoslavia, taken as a whole, has been basically more favorable this season than during 1942-43. The improvement resulted largely from the increased production of wheat and rye and was secured in spite of the continuation of a number of unfavorable factors, including (1) a shortage of labor, because of mobilization and the deportation of farm workers to Germany; (2) a lack of draft power in certain regions, owing to army requisitions and war losses; and (3) dislocations attending the shifts in boundary lines and occupation of territories by Axis forces. The primitive nature of the farming system and the fact that a good share of the farm work is normally done by women and children make the impact of wartime conditions less severely felt by agriculture in this region than would be true in the countries of Western Europe. The hardy Balkan peasants, even in wartime, continue to plant and harvest their fields about as usual.

**Greece.** Despite considerable improvement as a result of the food shipments through the International Red Cross, the food situation in Greece remains very unsatisfactory. Not only are ration allowances small, but they have often been unobtainable for days at a time. The Athens-Piraeus area, with about a million inhabitants, parts of the Peloponesus, and some of the islands, which are relatively non-agricultural or do not produce sufficient grain to cover their requirements, are in greatest need. Before the war the northern districts bordering Yugoslavia and Bulgaria produced local surpluses of grain that partially covered the deficits of the central and southern districts, but these surpluses have been appropriated for Axis consumption. Only in the north-central surplus area is the situation of the peasant population fairly good. Conditions in the remainder of Greece vary from fair to critical.

The 1943 production of bread grains was about the same as in 1942 but below the pre-war average. Wartime handicaps and guerrilla activities operated to depress acreage and yields and to interfere with transportation and distribution. With imports of grain much below normal and a large part of its domestic production lost, the total grain supply for this season remained greatly below the pre-war level. Large numbers of cattle, swine, and poultry, have been slaughtered on account of shortages of feed, but the resulting meat was utilized locally, with little made available to urban consumers. The 1943-44 olive-oil production was relatively large, and certain of the mainland districts and the islands have arranged exchanges of oil for grain or sugar. Some localities have an abundance of fruit but little else. Because of relatively small acreages, the slightly improved crops of 1943 have had little effect upon the precarious food situation in urban centers.

**Albania.** About 85 percent of the population of Albania are subsistence farmers depending largely on their flocks of sheep and goats for their food supply. Milk, cheese, and corn bread constitute their chief diet. The 1943 situation is on about the same unsatisfactory level as is usual for the pastoral herders. Shortage of all foodstuffs exist in urban centers, where the situation must continue to be precarious.



Spain. The 1943-44 food supply in Spain is not better and may be worse than it was in the preceding season. While olive-oil production rose sharply, the output of most staple food crops showed a decline as compared with 1942-43, mainly because the area devoted to these crops was somewhat reduced. With domestic agriculture not yet restored to pre-civil-war levels, and with importation hampered by wartime regulations, per capita food supplies remain well below the average for 1931-35, when Spain was virtually self-sufficient on a relatively low diet. Moreover, maldistribution of available supplies continues to cause undue hardship to consumers in deficit rural areas as well as to those in urban areas who have no connections with producers and who can ill afford to patronize the black market.

Portugal. In 1943-44, for the first time since the outbreak of the war, Portugal established rations for bread, fats, alimentary pastes, potatoes, rice, sugar, and codfish. A severe drought greatly curtailed the output of wheat, rye, corn, and barley. Production of irrigated crops, such as rice, and of potatoes was about average, whereas the olive-oil output was classified as "good." Unlawful disposal of crops by farmers and black-market activities worked to increase the cost of living and to reduce the food supplies available to low-income urban dwellers.

Switzerland. By increasing production of bread grain to about 50 percent above the pre-war level, increasing the rate of flour extraction, and reducing bread consumption, Switzerland in 1943 had to depend upon imports for about 25 percent of its bread-grain supply. Potato production was about double the pre-war average, which made up in part for grain and sugar shortages. Poor pasturage and short hay crops resulted in more-than-normal slaughter, and, though meat was stored, a shortage of supply occurred in the spring of 1944. Dairy production declined to more than 10 percent below the pre-war outturn, with consequent shortage in the fat supply. On the whole, the 1943-44 food supply is below that of 1942-43 and considerably below the pre-war level.

Soviet Union. The 1943 production of food in the unoccupied part of the Soviet Union was probably somewhat larger than that of 1942. The grain harvest was about the same or slightly more than in 1942. There was an abundant crop of potatoes. The fish catch and deliveries of meat to the Government during 1943 were reported to have been larger than during 1942. In the reoccupied areas, field-crop production in 1943 was far below normal, and German requisitions and plundering greatly reduced the supplies available to the local inhabitants. The probability is that the farm population managed to conserve sufficient grain for a reduced consumption and for seeding part of their customary acreages. In devastated urban centers, however, distress was acute. Because of the large potato crop, some grain was released for relief of the reoccupied areas. In view, however, of the great devastation by retreating Axis forces, such relief could at best meet only the most pressing needs.

## AGRICULTURAL COOPERATION IN THE MIDDLE EAST . . .

By Afif I. Tannous\*

*Organized agricultural cooperation seems to be on the march in the Middle East. Movements for the establishment of credit and general-purpose village societies have already been developed in some countries, and there are indications that similar steps are likely to be taken in the others. Supporters of this line of action claim that this is the best way by which the solution of the fellah's socioeconomic problem can be achieved. The present study attempts in the first place to present a brief analysis of the village-community organization, with a view to indicating the extent to which it is inherently conducive to the development of the cooperative idea. Then, in the light of this background, an appraisal of the present cooperative movement is made, in order to show its points of strength and weakness and to indicate possible limitations for its future expansion. The writer's belief is that such a movement, had it been more widely and more firmly established at the outbreak of the war, could have helped considerably in solving the vexed problem of food production and control in the Middle East and might conceivably have been used as an effective medium for post-war reconstruction in that region.*

### THE REGION AND THE PEOPLE

Egypt, Palestine, Transjordan, Lebanon, Syria, and Iraq constitute a more or less homogeneous cultural unit. Their people speak the same language, Arabic; share in common traditions; and about 90 percent profess the religion of Islam. In their agriculture, which is their predominant occupation and way of life, they follow practically the same techniques in the cultivation of much the same crops. In general, they have developed the same type of rural-community organization, centered on the village settlement. Their village people are similarly affected by the same set of socioeconomic factors - antiquated agricultural techniques, relatively low standards of living, indebtedness to usurious money lenders, inefficient marketing methods, and wasteful social practices.

These countries taken together comprise an area of about 685,000 square miles, of which only 45,000 (about 6.5 percent) are under cultivation. The remainder consists of arid sandy deserts and semiarid plateaus, over which the nomadic Bedouins graze their herds. About 25 million people live in the region, of which Egypt has the majority, about 16 million; Iraq, 4 to 5 million; Syria and Lebanon together, 3 to 4 million; and Palestine and Transjordan, 2 million. Density of population per unit of cultivated area averages about 550 people to the square mile. It reaches as high as 1,200 and 1,500 in Lebanon and Egypt, respectively, whereas it is only about 70 in Transjordan and 80 in Iraq.

### THE RURAL COMMUNITY

About 18 million people (75 percent of the total population) are rural and directly dependent upon herding or agriculture for a living. Of these, 4 or 5 million

\* Office of Foreign Agricultural Relations.

are nomadic or half-settled tribes and the others, village people. In other words, a consideration of the Arab rural community should take into account two units of organization, the tribe and the village.

For countless centuries tribes of nomads have existed in this part of the world. They have roamed over the vast interior deserts and plateaus, following the seasons in shifting their flocks of sheep and goats and, sometimes, herds of cattle. The overflow of their numbers has contributed substantially to the population of village and urban settlements. Similarly important has been their economic function, supplementing the economy of settled agriculture. At present the commodities they produce constitute an important factor in the total economy of the region they inhabit. Meat, dairy products, skins, casings, wool, hair, and furs are largely produced by the tribes. Those that are half-settled among them produce also important quantities of cereals. At the same time, the tribe has contributed much of its social organization to the village community. In fact this carry-over is observed contemporaneously in the various stages of transition from nomadic life to settled agriculture in Iraq, Syria, Transjordan, or Palestine. Emphasis upon blood ties, family solidarity, common ownership of property, responsibility for the misfortunes of group members, and settlement of conflicts by local mediation and arbitration are much in evidence.

The second rural unit, which is still more important than the tribe, is the agricultural village. Here dwell the cultivators of the soil (the *fellahin*) whether they own the land or work on it as tenants or sharecroppers. There are no isolated farmsteads in the Middle East. Several features of the village settlement should be noted, as they have a direct bearing upon the possibility of cooperative development. One of these is the nucleated physical structure. With the mosque or church as a center, the houses are clustered closely to each other. Normally, near the place of worship is an open space, where people trade or hold informal social gatherings. Outside the village proper and surrounding it lies the agricultural territory. This means that farmers and their animals spend most of their time in the village and go out to work in the fields as the occasion demands. This type of close-settlement has influenced the development of intimate group association and community consciousness.

Family life is another such feature. Unlike the pattern prevailing in Western society, the biological family consisting of husband and wife is not the primary functional unit in most of the Arab villages. The joint family predominates, which is a more inclusive unit, consisting normally of three generations. Grandparents, their unmarried daughters and sons, and their married sons with their wives and children live together in the same compound and stand as one social and economic unit. They jointly have a say about the personal affairs of each member. A strong sense of loyalty is manifested by the respective members to the family group. A still more comprehensive unit is the kinship group, consisting of all those who claim descent from the same paternal ancestor. Normally, a village consists of a few kinship groups, each of which is divided into several joint families.

A third main feature of the Arab village, whether Muslim or Christian, is its religious organization. A discussion of this factor in connection with agricultural cooperation in a community in the United States might be superfluous but not so in the Middle East. Religion there is more of a way of life, permeating various aspects of the community, since the primary motive in the initial development and subsequent spread of Arab culture was the religious message. At the same time that message was not limited to dogma but embraced social, moral, legal, and economic ways of behavior. Normally, each village has only one mosque or church, but when Muslims and Christians dwell together there are both a mosque and church. The simple fellah may not know



much about theology and dogma, but he subscribes to the folkways that have been inspired mainly by the rules of his church.

Together with the family and religion, as described above, agriculture is a way of life to the Arab fellah. He depends upon the soil and his livestock for a living, as did his ancestors for centuries before him. With little or no modification, he also follows their methods of cultivation, and the team of oxen, the threshing board, the wooden plow, the chicken coop, and the small sickle are still much in evidence. To the traditional practices and to the soil on which his people worked for generations he has developed a strong attachment. He does not like to sell out or migrate, for there are too many ties that bind him to his village community and his farm. Cereals - predominantly wheat, corn, barley, and millet or rice plus beans and lentils - constitute his main crop. Fruits are also plentiful, principally oranges, grapes, figs, apricots, melons, and dates. He produces most of his vegetable oil from olives, cottonseed, and sesame. On his sheep, goats, and, to some extent, cattle he depends for meat, milk, and *samn* (clarified butter). His simple diet is in general sufficient in grains only and is markedly deficient in meat and dairy products.<sup>1</sup>

Land tenure is one aspect of the fellah's agriculture that deserves special consideration, with emphasis upon the fact that in the majority of cases (possibly not less than 70 percent) the cultivator in the Middle East does not own the land he works. He is a tenant or a sharecropper of one sort or another.

Three main categories of land prevail: One, *Miri*, is state domain that is either rented out to cultivators annually or leased indefinitely to an individual and his offspring against the payment of a tax and the fulfillment of certain conditions. Another is *Mulk*, or land held in fee simple, over which the owner exercises practically absolute rights. Finally, the third form of land ownership is *Masha'*, or communal property, under which system the land belongs to the village as a whole. Individual farmers or families own a certain number of shares that entitle them to cultivate one or more plots within the village territory. A common and interesting feature of land tenure is the extreme subdivision of landholdings. A typical farmer may own some 20 acres of land split up into about 10 or 15 plots scattered in all directions and at various distances from the village in which he lives.<sup>2</sup>

One other aspect of village life in this region should not be overlooked in a consideration of cooperative possibilities - the organization of the community as a whole. This supersedes land, church, and family and gives them special meaning. Over a period of many generations, and sometimes several centuries, every village has developed into an integrated, independent, and highly self-sufficient entity. Common traditions and folkways bind together the people of each settlement and make them highly conscious of its identity. In many situations, including even such apparently individual activities as rotation of crops, methods of cultivation, choice of a mate in marriage, and belonging to a club or society, their behavior is controlled to a great extent by the will of the community. Each village has developed a certain character by which it is known in the locality; it may have high or low moral standards, efficient or lazy farmers, ignorant or "wise" elders; it may be peaceful and cooperative, or broken down by internal conflict, feuds, and the like. The fellahin have one meaningful concept to cover such characterization, "*seet*," meaning renown, which may be good or bad.

<sup>1</sup> The reader interested in the food situation is referred to TANNOUS, AFIF, I. FOOD PRODUCTION AND CONSUMPTION IN THE MIDDLE EAST. Foreign Agr. 7: 243-255, illus. 1943.

<sup>2</sup> For a detailed discussion of this subject, see TANNOUS, AFIF I. LAND TENURE IN THE MIDDLE EAST. Foreign Agr. 7: 171-177, illus. 1943.

## INFORMAL COOPERATION

With this general picture of the Arab village community in mind, without which the idea of agricultural cooperation cannot be properly evaluated, those cooperative activities which are inherent in the local culture and which are undertaken informally as a matter of mutual aid may be indicated. In the first place, tribal organization is essentially cooperative in character. The vast territory over which the Bedouins roam is the common property of the tribe. The grazing rights of an individual family are inseparable from those of the whole group. An elected council (*meglis*), under the leadership of the Sheikh, settles interpersonal and interfamilial disputes. The judgment is binding on both parties. Loyalty to the tribe is supreme and is manifested whenever the occasion demands. No individual is left to face single-handed situations of distress; the group offers him its aid in times of need, illness, and other misfortunes. Strong social and economic control by the community prevails, and deviation from the norm is not permitted.

Regarding the village community, several indications of cooperative activity are found first within the family. Legally, the grandfather or patriarch is the owner of the property. Actually, however, all members of the large joint family, as already described, have an equal claim on the land. They contribute toward its cultivation and share in its produce, each according to his ability and need. For a young son to start upon an early independent farming career, as is usual in the United States, is practically unknown in the Middle East. Normally, when the patriarch gets too old, or upon his death, the joint family splits into as many units as there are sons, and the land is divided equally among them.

In many cases not only the produce but also the cash income and cash expenditures are shared. Similarly, the undertaking of a trading activity and a capital investment, or the establishment of a new business, are supported in some localities by the whole unit. The silk factories in the villages of Lebanon have been developed on this basis. In some villages agricultural machinery has been similarly acquired and put to use, and oil presses and flour mills are jointly operated. In case such projects fail and debts are incurred, all members share in the responsibility.

No self-respecting family would consent to let any of its members, or in many cases even distant relatives, go destitute and become a public charge. The choice of a mate in marriage is the concern of the whole unit. In a fight, family loyalty asserts itself, and the members rally together to face opponents or enemies as a group. In many villages each kinship group normally operates a *madaf* or *manzul*, a guest house, in which to entertain fellow villagers or strangers. Such houses are built and operated by contributions, in kind or in cash, from the various related family units.

Outside the family circle, also, are many indications of occupational cooperation in the field of agriculture. Under the above-mentioned *Masha'* system, the land is owned by the community as a whole, and members have learned how to cooperate in dividing the shares and in allotting plots to various farmers. In some villages, the idea of cooperative ownership has been carried so far as to do away with inheritance of shares. At certain intervals the village territory is divided into as many shares as there are males, and allotment is made accordingly. The village watchman who guards the crops, the *shawī* who watches over irrigation water, the shepherd or goat-herd, and similar public servants are elected, and their services are paid for in kind or in cash by the community. Each contributes for this purpose according to his ability. The raising of livestock cooperatively is a widespread practice. The owner of a heifer, for example, may give it to another farmer to raise, with the understanding



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that the owner will be entitled to the first calf plus half the milk. Similar agreements are entered into in connection with the raising of sheep, goats, and horses. In Lebanon, bees are sometimes moved between seashore and high mountains (to take advantage of the changing season) by two cooperating partners, a mountaineer and a plainsman. Mutual aid is also manifested in various farming operations, involving the exchange of human and animal labor by two or more farmers. A good illustration is found on threshing floors, where village folks cooperate, as the occasion demands, in threshing, winnowing, and transporting the grain and straw for storage. The sharing of animals when making up a plowing team is also a common practice. In general, when a farmer has to handle a task too big for his own agricultural capacity, helping hands are usually extended. The word *'ounah* is used for such occasions, meaning group aid or support.

Decisions of the community are more or less binding regarding such agricultural matters as the time and place to start harvesting a certain crop, rotation of crops, and methods of cultivation. An elaborate system of community cooperation is encountered in villages that depend upon irrigation. The joint effort and decisions of the group are involved in cleaning the ditches, dividing the available water into shares, designation of plots that are to be put under irrigation, assignment of water-hours for each family, and settlement of disputes as they arise.

In other aspects of agricultural village life the spirit of mutual aid prevails to one degree or another. In recent years, the Department of Education in Palestine made it a condition that the fellahin should provide a suitable building before the Government would establish a school in the village. The response was enthusiastic and generous. In most cases the village folks were able to cooperate in supplying the needed labor and cash and succeeded in erecting the required building. The same cooperative response was encountered by the writer when he was helping in a field campaign for the establishment of school gardens in that country. Community campaigns are the usual procedure in the construction or repair of local roads, the cleaning of village wells, fire fighting, and the combating of locusts.

Play acting in some of the agricultural villages of Lebanon is done entirely on a cooperative-community basis. The local producer, the young amateur actors and actresses, the carpenter, the messengers who carry the invitations to neighboring villages, and the organizers of the affair all serve without pay. Likewise, various families supply the needed equipment and entertain outside guests.

For funerals, weddings, and certain church rites help of one sort or another is extended to those concerned by the larger family group or by the community. In the case of a funeral, for example, the village takes care of digging the grave, arranges for a procession, and provides a banquet for all attending. Boiling wheat in the fall and making it into the well-known cereal *burghul* and baking bread in the village bakery are two other cooperative activities. Finally, special mention should be made of a financial practice that is followed in many villages - the custom of borrowing money through the *kafalah mutasalsilah*, whereby a group of borrowers are held responsible individually and collectively for the loan extended to them.

Despite the various types of mutual aid practiced in the Arab agricultural villages, the spirit of cooperativeness does not permeate all phases of life in these communities. Competition exists, in both its wholesome and destructive forms. Disputes and feuds, sometimes involving bloodshed, occur within the village and between villages. The Arabic term for such a situation is *fassad*, for which many a village is notorious. Wasteful litigation is also rife. Furthermore, under the invading influence of the West the native concept of neighborliness and mutual help is being

disrupted, and village life is becoming disorganized. A safe assertion, however, as indicated by the illustrative cases mentioned above, is that the foundation of life in these communities is essentially cooperative.

ORGANIZED COOPERATION

Problems to be Solved

The fellah of the Middle East has long been struggling for a livelihood against great odds. Some of the problems he faces are chronic and obstinate. The need for a way out is keenly felt, and agricultural cooperative societies are suggested by some as a possible solution.

Perhaps the most difficult problem with which the fellah has been wrestling arises from his frequent need for credit and the consequent involvement in debts at unbearably usurious rates of interest. During his 6-year period of intensive field work in Palestine, Syria, and Lebanon, the writer rarely came across a village that was not heavily burdened by such debts. This is also true in Egypt, Transjordan, and Iraq. Loans are frequently renewed, often resulting in a hopeless lifelong bondage to the usurer. Scores of cases could be cited to indicate the manner in which this undesirable situation has developed. In the first place, the bank, the normal channel through which credit can be obtained, usually extends credit to actual owners only, since a mortgage on the land is demanded as security. With this condition fulfilled, normally the interest of the bank in the transaction comes to an end. Consequently, no direct supervision is maintained over the manner in which the money loaned is spent. In many cases it is used for consumptive purposes, and the individual loses his land, or part of it, or pays the interest on the loan and renews it for another year. Mention should be made, however, of the fact that the rates of interest charged by banks are relatively moderate, ranging from 6 to 9 percent.

The majority of the fellahin find it impossible or inconvenient to borrow from a bank. They therefore turn to usurious money lenders who come with the cash to their villages, or to the city merchants from whom they have to buy certain necessities. A loan from the former is made in cash; from the latter, in merchandise. In either case the apparent rate of interest is quite moderate or even nonexistent, whereas actually it is exorbitant. The explanation is as follows: Normally, the loan is extended during the fall or winter months (the planting season, when the fellah is most in need) and falls due at harvest time, a term of 5, 6, or 8 months at most. The interest charged is at the rate of what is locally known as the ten-thirteen or ten-fifteen system. Calculated on a yearly basis the charge amounts to 30, 50, or even 100 percent. Furthermore, when the merchant supplies the fellah with commodities on credit, he usually charges more than the market price; whereas later, when the fellah comes to repay his debt in kind, he is often paid less than the market price for his produce. He is the loser on either side of the deal, besides having the interest to pay. Needless to say, no trace of all this appears in the contract drawn or in the promissory note the fellah signs. Appropriate adjustments are made in the initial amount supposedly received by the borrower.

Another problem that confronts the Arab cultivator is his inability to cope with the complicated methods and demands of modern business. He is not competent to sell his produce at a fair price. The buyer who comes to the village, or the city broker through whom the produce is sold, usually gets the better end of the deal. At the same time his methods of marketing involve waste of effort and leave much to be desired. With a small load of fruit, cereals, olive oil, or other products on the back

of his donkey, camel, or mule, he goes to the market in the neighboring town. All his day is spent in selling that small amount of produce and buying a few necessities. Furthermore, he is not aware of any standard by which to grade his products with respect to quality; therefore he has to accept the price set by the broker or the merchant.

A third problem which seems to point to the cooperative for a solution is that in the majority of cases the Arab cultivator is not in a financial position to own and operate modern agricultural equipment beyond a plow. Harvesters, tractors, silos, dairy equipment, and the like are beyond his means but often could be conveniently owned and operated collectively by the community.

Finally, there is the great problem of the break-down that has been taking place in the socioeconomic organization of the village community. Under the impact of Western culture, far-reaching changes have been taking place. New ideas and new needs have been introduced, resulting in a demand for a higher standard of living. Dissatisfaction with village life is on the increase, and the traditional folkways are being challenged. The self-sufficient farm economy cannot hold its own within the changing situation. In other words, there seems to be an urgent need for moral, social, and economic reintegration of rural life. This need has been recognized in the various Arab countries, and in two of them, in Egypt and later on in Palestine, the establishment of cooperative societies has been suggested, and actually developed, as the best possible solution. The claim is made that this is the only agency that can perform all the functions required for the solution of the fellah's problems. These functions are the extension of credit at reasonable rates of interest, careful supervision of the manner in which the loan is spent, elimination of wasteful practices, building up of a common fund (from share dues and interest), development of the fellah's economic and social character, and supplying village life with a new tradition based upon modern ideas voluntarily selected and adjusted to the local culture.³

Agricultural Cooperatives in Egypt

A crisis seems to be an essential prerequisite for a reform movement to get started. This condition was fulfilled for the agricultural cooperative in Egypt in 1907, when an acute financial crisis revealed the drastic need of the fellah for a more adequate source of credit. A public-spirited man, a pioneer in this field, believed that the cooperative was the only answer. He organized a committee of a few interested leaders to work for the fulfillment of the idea. Influential support came from the president of the Khedivial Agricultural Society. The following year members of the committee visited and studied cooperatives in France and Italy. A few societies were organized as an experiment, and a cooperative law was drafted and submitted to the Government for approval. Delay in action was inevitable, in view of the novelty of the idea, and because of the outbreak of World War I and its aftermath. Finally a law was passed in 1923, making cooperative societies legal and laying down the procedure for their formation and functioning. A Cooperative Section was created in the Ministry of Agriculture. In 1927 a new cooperative law was passed. In 1937 the Cooperative Section was transferred to the Ministry of Finance.

The manner in which the movement is organized at present may be summarized as follows: The Government is supposed to function only as supervisor and guide until the movement is ready to stand on its own feet. For the purpose of supervision, a Higher Cooperative Council has been organized. Several members in it are direct representatives of the cooperatives. In addition, there is the Cooperative Section

³ See an instructive article on this subject by STRICKLAND, C. F. WHY ASIA NEEDS COOPERATIVES. *Asia* 37: 247-250. 1937.

in the Ministry of Finance, which functions as the executive center for the movement. The personnel of the section consists of a Director, Assistant Director, Chief Auditor, and Chief Inspector. In the field, which is divided into several (eight in 1939) cooperative inspectorates, are stationed inspectors, auditors, and field organizers. The activities of the section include the registration and liquidation of societies, regular inspection of their affairs, and the auditing of their accounts. An educational campaign to teach the principles and benefits of cooperation is also maintained, mainly through the publication of pertinent literature. One feature of the Egyptian cooperative law is the granting of special facilities and privileges to the societies. These include exemption from certain judicial fees, customs dues, and administrative charges; reduction of fees for certain government services; and price discounts on purchases of seed and fertilizers sold by the Government.

Very few of the agricultural cooperative societies in Egypt are for marketing or purchasing; the great majority are of the general-purpose type. These latter have several functions, one of which is to supply members with agricultural requirements, such as fertilizers, seed, feed, and machinery. They also undertake the development of such agricultural projects as fumigation, dairying, and the like. Some societies purchase for their members a limited variety of consumers' goods, mostly foodstuffs. Others undertake the sale of produce.

TABLE 1.—*The number, membership, and financial standing of agricultural cooperatives in Egypt, 1925-38*

YEAR	AGRICULTURAL COOPERATIVES	MEMBERS	PAID UP CAPITAL ¹	RESERVE	LOANS	
					FROM BANKS	TO MEMBERS ²
	<i>Number</i>	<i>Number</i>	<i>Egyptian pounds</i>	<i>Egyptian pounds</i>	<i>Egyptian pounds</i>	<i>Egyptian pounds</i>
1925	139	10,673	35,404	—	—	—
1926	150	11,433	40,578	694	—	—
1927	147	12,289	46,465	3,997	—	—
1928	162	14,176	56,067	7,459	28,471	—
1929	217	22,336	80,663	9,558	127,454	126,484
1930	514	48,317	143,130	13,222	275,461	275,928
1931	539	53,441	154,243	19,175	164,373	178,949
1932	559	54,948	158,265	26,226	84,894	41,471
1933	587	57,568	163,394	29,669	96,957	19,348
1934	643	63,403	182,446	34,173	547,723	152,992
1935	703	69,404	198,676	43,137	767,110	227,910
1936	739	72,782	211,123	51,410	865,904	270,568
1937	762	76,001	219,983	65,312	866,221	240,533
1938	780	77,298	224,042	72,369	800,905	280,000

During 1925-38 the annual rate of the Egyptian pound averaged around \$5.00, United States currency, except in 1932 and 1933, when it fell to \$3.60 and \$3.43, respectively. In 1940 it was fixed at \$4.14.

¹ Share dues from members.

² In addition to this item, the balance of available capital is employed for various services to members, as indicated in the text.

The most important function, however, is the extension of credit to the fellah. At first the necessary capital was secured from the Bank Misr, to which the Government had extended a special loan for that purpose. The societies paid 4-percent interest on loans from the bank and collected from their members 7 percent. The difference of 3 percent, the maximum allowed by law, went to the central funds of the various societies. In 1931, the Agricultural Credit Bank was established, and since then societies have been dealing with it almost exclusively. The conditions on which loans are made are as follows: Interest is charged at the rate of 4 percent for short terms and 5 percent for long terms. Loans are granted for specific purposes, which must be declared and verified. The purpose of this is to make certain that the money is used

for productive activities and to eliminate wasteful expenditure as much as possible. In some cases loans are made in kind, mostly fertilizers and seed. Both the society as a whole and the individual members are responsible for the amounts advanced, and the bank has the right of administrative foreclosure of crops in case of default.

An interesting type of service rendered by the agricultural cooperative is directed toward the welfare of the community. The society is required by law to set aside for this purpose at least 4 percent of its profits. Such public projects are undertaken as construction of roads, building of schools, maintenance of effective sanitation, planting of trees, etc. In many cases societies have succeeded in the settlement of local disputes without recourse to wasteful litigation. An Egyptian cooperative expert and leader asserts that the cooperative membership was, as far back as 1934, showing signs of being more responsible and dependable, more community-conscious, and more enlightened than the general public.⁴

Credit Societies in the Arab Villages of Palestine⁵

The need for organized cooperation among the fellahin of Palestine was recognized shortly after the termination of World War I. The first attempt was made in 1924 by tobacco growers in the neighborhood of Acre, northern Palestine, for marketing and for granting of credit for cultivation. Within 3 years this society was liquidated. Similar unsuccessful attempts were made later by citrus growers at Jaffa and Ramleh. Failure was inevitable in view of the fact that the promoters had no proper guidance and lacked a genuine understanding of the principles of cooperation.

Early in the summer of 1930, in response to a request by the Government, a cooperative expert of the Indian Civil Service, arrived in Palestine. His mission was to make a study of the situation among the fellahin, with a view to ascertaining the need for and the possibility of establishing cooperative societies in Arab villages. At the end of his survey, he reached several conclusions, which may be summarized as follows: He states that the Arab fellah is intelligent, comparing favorably with the Indian cultivator and the farmer of southeastern Europe. His real trouble is that he is deeply in debt, to such an extent that he feels hopeless and has lost the initiative for agricultural improvement. He indulges in wasteful expenditures, as a result of maladjustment between old traditions and modern economy. He lacks self-confidence, and needs to be educated slowly in that respect. The expert then suggests the credit cooperative as the only solution for the fellah's complex problem. He recommends the Raiffeisen type of society as the best, because of several qualities - manageable size, small contributions by members, equality of voting, unlimited liability, and close control over funds.⁶

With these conclusions and other suggestions made by the expert as a basis, the Palestine Government proceeded with the formal organization of the cooperative movement. In 1933 an ordinance was passed to that effect, which was actually a modification of a previously enacted ordinance. Among others, it contained provisions for appointing a registrar of cooperatives and assistants; establishing the minimum number of members per society, voting rights, and limited dividends; creating a reserve fund; and

⁴ For a presentation of the development of cooperation in Egypt up to 1934, see RASHAD, J., *THE COOPERATIVE MOVEMENT IN EGYPT*. Internatl. Inst. Agr. Monthly Bul. Agr. Econ. and Sociol. 25: 62-76, illus. 1934. (Reprint from Internatl. Rev. Agr.)

⁵ The discussion does not include the highly developed Jewish cooperative movement, because it has been adequately presented in several publications, and because it has a character, a foundation, and factors of its own.

⁶ See GOVERNMENT OF PALESTINE. REPORT BY MR. C. F. STRICKLAND OF THE INDIAN CIVIL SERVICE ON THE POSSIBILITY OF INTRODUCING A SYSTEM OF AGRICULTURAL COOPERATION IN PALESTINE. 55 pp. Jerusalem. 1930.

arranging for appeals against the registrar's orders, maximum participation by members, priority of society's claims on members over other creditors, the safeguarding of members' interests, and the allocation of profits. Further minor amendments were adopted in 1935, 1936, and 1937.⁷

Even more than in the case of Egypt, the cooperative movement in the Arab villages of Palestine is a government affair. A special Department of Cooperation has been organized, with a registrar at its head, assisted by auditors, inspectors, and field organizers. Registration, liquidation, auditing, and general inspection of the societies is undertaken by this Department. The powers of the registrar are extensive. Appeal from his decisions cannot be made to a court but only to the High Commissioner. One reason given for such centralized control by the Government in the person of the registrar is that the fellah is not yet capable of handling independently the complicated affairs of a society.

The technique employed in educating a village and preparing it for the establishment of a cooperative entails the following briefly described procedure:⁸ The initial step of selecting a village as a good prospect may be taken by the field worker. In this selection he is guided by his intimate knowledge of the local situation, with respect to the moral and financial character of the people, internal conflicts, extent of indebtedness, and so forth. Sometimes the village itself takes the initiative and approaches the field worker or the registrar with a request for a society. In either case, a thorough and detailed investigation follows. If a favorable picture is drawn, the villagers are given more specific information regarding the aims, principles, benefits, and responsibilities of a credit cooperative. During educational meetings, simple and direct language is used, with much emphasis upon arguments based on the local culture. Statements which urge the cooperative effort are cited from the Koran, the Muslim sacred book; the cooperative character of village life is emphasized; the possibility is suggested to the fellahin, which is fearful to them, that they may lose their land through foreclosure, or forced sale, if they fail to cooperate; and most important of all, actual cases of usurious indebtedness are analyzed and the extent of exploitation involved in them revealed. This last argument seldom fails to strike home, as most of the fellahin have suffered terribly from usury. The villagers are then left to themselves for a time, so they may reach a decision. In case they desire to have a society, they submit a petition to that effect, signed by the prospective members. Upon the registrar's approval, formal registration and organization takes place according to the prescribed procedure.

Through an arrangement with the Government, Barclay's Bank supplies societies with the loans they need. The usual security is a bond by the society to repay the loan within a year. Sometimes a charge is made on the members' crops in favor of the Bank. Pertinent information about members of a society who desire credit is passed on to the Bank by the registrar. The Bank charges the societies 6-percent interest, which is 3 percent less than the usual rate. Societies charge their members 9 percent, and the difference is used to defray expenses and build up a common fund. An important point to be noted here is that the bank deals with the society as a whole, upon the registrar's recommendation, and does not exercise any control over the assignment of loans to the various members. The registrar and his officials take care of that and make sure that the amount granted to each individual is used for produc-

⁷ For details of these ordinances and a comprehensive statement on cooperation in Palestine, Jewish and Arab, see COOPERATIVE SOCIETIES IN PALESTINE. REPORT BY THE REGISTRAR OF COOPERATIVE SOCIETIES. . . 1921-1937. 133 pp., illus. Jerusalem. 1938.

⁸ This description is based mainly upon the writer's field observation and participation from 1931 to 1937.

tive purposes. According to the rules, members assume unlimited liability. In most cases the loan is used in agriculture, but sometimes the fellah is allowed to employ it in getting rid of an exploitive debt.

Practically all the cooperative societies in the Arab villages are of the credit-and-thrift type. Their general aims are to supply the fellah with short-term credit at reasonable rates, help him liquidate his debts, educate him in thrift, interest him in community welfare, build up his character, and ultimately bring him to a position of moral and economic independence. The number of these societies increased from 14 in 1933 to 115 in 1942, the membership from 263 to 4,212 persons (see table 2).

TABLE 2.—The number, membership, and distribution of funds of the credit cooperative societies in the Arab villages of Palestine, 1933-42

YEAR	COOPER- ATIVES	MEMBERS	OPERATING CAPITAL			YEAR	COOPER- ATIVES	MEMBERS	OPERATING CAPITAL		
			OWN FUNDS	BORROWED FUNDS	AMOUNTS LOANED				OWN FUNDS	BORROWED FUNDS	AMOUNTS LOANED
	Number	Number	Pounds	Pounds	Pounds		Number	Number	Pounds	Pounds	Pounds
1933	14	263	194	3,270	3,405	1938	117	4,752	9,634	50,043	59,236
1934	32	911	1,034	13,595	14,464	1939	116	4,609	10,223	53,310	61,290
1935	61	2,422	3,481	39,013	42,329	1940	116	4,606	10,226	44,269	53,554
1936	61	3,078	6,330	49,629	55,662	1941	115	4,591	18,428	17,735	33,759
1937	121	5,121	10,492	59,456	69,371	1942	115	4,212	13,791	44,056	56,911

Compiled by the Office of Foreign Agricultural Relations from Report by REGISTRAR OF COOPERATIVE SOCIETIES, Government of Palestine, Jerusalem, 1938, and other official sources. The annual rate of the Palestine pound averaged \$4.24 in 1933, around \$5.00 from 1934 through 1938, dropped to \$4.44 in 1939, and has been officially set at about \$4.04 since March 25, 1940.

Beginnings in Syria and Lebanon

Although the need for agricultural cooperatives has been recognized in these two French-mandated States for a long time, the first society was organized as late as 1937. This initial step was taken by the Institute of Rural Life, at the American University of Peirut, Lebanon. This institute was established by the Near East Foundation of New York as part of its program of agricultural rehabilitation in the Middle East. The Director of the Institute, who is at present Director of Agriculture for the Lebanon Republic, was personally responsible for the experiment. He knew the people intimately and was well acquainted with the agricultural problems of his native village of Abadiyeh. He realized that the most keenly felt need of the people was the development of adequate means of marketing. All of them raised grapes, and each took his produce individually to the neighboring city of Beirut to sell. There he had to dump his load in the market and accept the price offered by the broker or the merchant. No grading of the fruit was ever made.

Within a few years after the society was organized, a complete change in the situation took place. The following comparisons between the years 1937 and 1943 in the life of the society will indicate the degree of progress made: Membership advanced from 22 to 240 in number; capital, in Syrian pounds,⁹ expanded from 110 to about 15,000; marketed produce, in tons, from 50 to 800; value of produce, in Syrian pounds, from 2,200 to 250,000; value of purchases made by society for members, in Syrian pounds, from 43 to about 26,600; loans to members, in Syrian pounds, from 175 to 1,300. An adequate standard of grading for marketed products was developed and strictly applied. A violator is fined, and a repeater is likely to be expelled from the society. At present sales are made through regular agents in Beirut, at a regular commission. Members are planning to have their own sales organization.

⁹The value of the Syrian pound before the war was 50 cents; at the present time it is 45 cents.

According to the rules of the society, profits are divided as follows: 50 percent to build up a reserve fund, 25 percent to shareholders as interest at a maximum rate of 6 percent, and 25 percent to members according to value of business. As a result of their confidence in their society, members have so far voted to apply most of their profits to the reserve fund.

The success of the Abadiyeh experiment did not fail to arouse keen interest in the idea of cooperation. Many requests were made to the Lebanon Government, with a view to taking action along this line. In November 1941, a decree was passed providing for the establishment of a Cooperative Council, whose function is to guide and supervise the projected movement. Its personnel consists of the Director of Agriculture as president; the Chief of the Cooperative Service in the Department of Agriculture as vice president; three members who are bank directors or specialists in economics and agriculture; and four members representing the cooperative societies. Other provisions of the decree cover the usual matters of allocation of profits, shares and dividends, rights and obligations of members, internal organization of societies, audit and inspection, liquidation, voting, etc. There is also a special provision for the formation of regional or central cooperatives and a cooperative union.

Since the enactment of the decree, however, little has been done to further the development of agricultural cooperatives. Aside from Abadiyeh, at present not more than four or five societies are functioning in Lebanon and Syria. The organization of a central store for marketing the produce of cooperatives is contemplated.

APPRAISAL OF THE SITUATION

Local Objections and Obstacles

In each one of the countries considered there are influential individuals or groups, with certain vested interests, who are opposed to the idea of introducing cooperation among the fellahin. They take the stand publicly or privately that the fellah should not be given much freedom and independence and that a move in this direction would be disruptive to the national economy. Consequently, if the young cooperative movement spreads further and assumes significant proportions, the expectation is that such opposition will be voiced much more strongly. The organization of a society is a simple matter in a village where the people are independent farmers, who own the land they cultivate and the homes in which they live. The situation is entirely different, however, when such an attempt is made in a settlement where the land, the houses, and practically the people themselves belong to a feudal lord or an absentee owner; and one must remember that between 70 and 80 percent of the cultivated area is owned by such individuals. To be sure, some among them believe fully in the emancipation of the fellah, but these represent only a small minority.

The money lenders, the brokers, and some traders constitute another obstacle in the path of the cooperative movement. These elements probably will regard it as a threat to their interests. Their influence and hold upon the fellah are indeed strong. For many long years they have supplied him with credit at their own rates, provided him with goods on their own terms, and disposed of his produce at their own prices. The village cooperative will eventually introduce drastic changes into this traditional *status quo*, and strong opposition may be expected.

An interesting objection to cooperatives has been raised in Egypt and Palestine on religious grounds. The argument is that societies charge interest on loans to members, which practice is forbidden by Muslim law. This point is not likely to be much of an obstacle. Counterarguments can be readily presented by the promoters and

by the village people that the interest charged is not for profit but serves as a contribution toward mutual aid, that the religion of Islam emphasizes such form of help, and that this is much better than paying exorbitant interest to the usurer. As stated above, many other quotations in favor of cooperation can be and have been cited from the Koran.

Finally, there is the serious problem of internal conflict that prevails in many of the Arab villages. One can readily see how a community that is divided against itself will not serve as a field suitable for the growth of a representative organization such as a cooperative society. Two or more existing factions usually refuse to belong to the same society. Yet, such villages are most in need of a cooperative, since they need to be trained in banding together for constructive rather than destructive purposes. A possible way out of the vicious circle is to help each faction, provided it has sufficient membership, to develop its own society, until the time comes when merging will be feasible. On the other hand, in some localities, a central society may be made to serve more than one village.

Weak Points in the Movement

Agricultural cooperation is about 35 years old in Egypt, 10 years old among the Arabs of Palestine, and has made a beginning in Syria and Lebanon. There is, consequently, some experience that may serve to show the weaknesses existing at present and likely to occur in the future. The first of these is that the movement was started by local governments and is at present very much under their control, even though in Egypt and in Lebanon cooperative councils have been established. In the case of Lebanon, only four out of nine seats are open for cooperative representatives. Also the various functions of the government cooperative sections, as mentioned above, indicate clearly the extent to which the Governments concerned support and control the societies. In Palestine, the life and death of a society is in the hands of the registrar, for no appeal from his decision can be made except to the High Commissioner. On the other hand, a valid argument may be made that such a new movement in these countries cannot hope to succeed without being supported, guided, and controlled during its initial stage by a stable governmental organization. From his field experience, the writer believes that such a policy is essential at the beginning. Whatever danger there is in such a policy lies in the possibility of its perpetuating itself in the future.

Another apparent weakness is that the movement thus far has failed to interest members in the matter of thrift. Savings accounts are still negligible. Similarly, no significant improvement in other aspects of village life has been demonstrated. The function of the society seems to be, as far as the fellah is concerned, to supply him with credit at low rates or to purchase some of his supplies at reasonable prices.

A third criticism directed at the general structure of the cooperative organization is that it lacks a central cooperative bank. At present all societies have to secure their credit from private banks. Although the rates of interest charged are reasonable, claims are often made that as long as the cooperatives do not own or control the sources of their capital they will remain weak and under the threat of such sources being cut off for one reason or another. A private financial institution naturally looks after its interests first, with the interests of the societies relegated, at best to a secondary place. The Agricultural Credit Bank of Egypt, for example, in many cases issues loans only in kind - seed and fertilizer - thus virtually forcing cooperative members to purchase these commodities at the bank's prices.

Finally, the development and scope of the movement are still greatly limited in relation to the size of the field and the fellah's need. Furthermore, within these

limitations the cooperative message seems to have been directed mainly to the more prosperous farmers and villages. In 1942 there were about 115 Palestinian villages in which credit societies were organized. This left 300 Arab settlements (about 75 percent) without the benefit of cooperation. In that year membership amounted to about 4,200. Assuming that each member represents a maximum of 8 persons, a total of 33,600 persons is indicated, which is a very small fraction of a total rural Arab population of about 700,000. Similarly, in 1938 Egypt had 780 agricultural cooperatives, with a total membership of about 77,000 out of a rural population of about 12,000,000. In other countries of the region the movement is just beginning to take shape.

CONCLUSIONS

On the basis of the various elements of the situation as described above, the following conclusions may be made:

(1) The Arab fellah, who represents the great majority of the population in the Middle East countries and whose agricultural activity is the foundation of the national economy, has been struggling against great odds in facing a complex problem. Its main aspects or factors are inadequate land tenure, inefficient production, lack of proper marketing and purchasing facilities, a meager income, a heavy and seemingly hopeless indebtedness, and a consequent low standard of living. The urgent need for a remedy is felt, to one degree or another, by the fellahin themselves and by the Governments concerned.

(2) The cooperative society is a possible and effective solution, but not the only one. There are certain important measures, related to land tenure, cash-crop versus food-crop policy, taxation, and education, which cannot be undertaken directly by the cooperative. Action along these lines has to be initiated by the State.

(3) There is much in the culture of the Arab village that is essentially cooperative and that is conducive to the development of an organized movement along this line. Mutual aid is emphasized in family life, religious practices, agricultural activities, and the whole community organization. Consequently, a safe assumption is that the Arab fellah is ready for the idea. A fairly adequate test of this assumption has been afforded by the extent to which the movement has succeeded thus far.

(4) There are, however, restricting limitations and obstinate difficulties to be overcome before further sound growth of the movement can take place. The various weaknesses mentioned above have to be eliminated, and the most difficult task has yet to be undertaken. This is the extension of cooperative activity among the masses of the fellahin who have no land of their own and who are dependent entirely upon the feudal lord or the absentee *Effendi*.